

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL

F-561

THE BOARD OF OSTEOPATHIC EXAMINERS IMPROPERLY SPENT
STATE MONEY TO SUPPORT ITS LEGAL ACTION
AGAINST SEATING TWO PUBLIC MEMBERS

DECEMBER 1985



Telephone:
(916) 445-0255

STATE OF CALIFORNIA

Thomas W. Hayes
Auditor General

Office of the Auditor General

660 J STREET, SUITE 300
SACRAMENTO, CA 95814

December 30, 1985

F-561

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the Board of Osteopathic Examiners' (board) 1984-85 fiscal year expenditures related to its legal action against seating two public members. The report indicates a need for the board to recover \$63,000 that the former board improperly spent. In addition, the current board should consider asking the Attorney General, or the appropriate district attorney, to pursue criminal action against the parties involved in transactions with "Doctors for the Support of Osteopathic Medicine, Inc."

We conducted this audit to comply with Item 8510-001-264 of the Budget Act of 1985.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas W. Hayes".
THOMAS W. HAYES
Auditor General

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	i
INTRODUCTION	1
AUDIT RESULTS	
I THE BOARD OF OSTEOPATHIC EXAMINERS ATTEMPTED TO PAY FOR WORK NOT INCLUDED IN A CONTRACT	5
RECOMMENDATION	8
II THE BOARD OF OSTEOPATHIC EXAMINERS IMPROPERLY GAVE STATE MONEY TO A PRIVATE CORPORATION	9
RECOMMENDATION	11
III THE BOARD OF OSTEOPATHIC EXAMINERS SPENT SUPPORT MONEY IN VIOLATION OF BUDGETARY PROVISIONS	13
RECOMMENDATION	15
IV FORMER STAFF OF THE BOARD OF OSTEOPATHIC EXAMINERS INCURRED EXPENSES THAT WERE IMPROPERLY PAID BY THE BOARD	17
RECOMMENDATION	20
RESPONSE TO THE AUDITOR GENERAL'S REPORT	
Board of Osteopathic Examiners	21

SUMMARY

The Board of Osteopathic Examiners (board) incurred costs in the 1984-85 fiscal year relating to its legal actions against seating two public members. In incurring these costs, the board violated provisions in the Budget Act of 1984 prohibiting the use of the board's support budget for this legal action.

The board contracted with an attorney to take legal action against the Legislature's authorization to seat two public members on the board. Based on provisions in the Budget Act of 1984, the board had no authority to contract for these legal services after July 1, 1984. The attorney has billed the board \$19,432 for services rendered without a valid contract. The board attempted to pay the attorney with state funds, but it could not do so because it did not have a valid contract and could not obtain a waiver of the budgetary provisions. Private individuals have paid approximately \$12,500 of these legal costs, but these payments were not reflected on the attorney's confirmation of the balance due to him.

In addition, the board inappropriately deposited into a commercial bank account instead of the State Treasury a \$40,000 fine received from a disciplinary action. This money was then transferred to the corporation "Doctors for the Support of Osteopathic Medicine, Inc." The State has lost not only \$40,000 but also approximately \$4,400 in interest. The Office of the Attorney General is currently investigating these transactions, and the board may have to institute legal action to recover this money.

Furthermore, the board spent \$1,500 for costs directly attributable to the lawsuit. Additional costs were incurred in conjunction with valid board business, but we cannot identify specific costs related to the lawsuit because the board members and staff did not maintain time records.

Finally, inappropriate expenses incurred by the former executive director and former general counsel were paid by the board. These charges, totaling more than \$17,113, include travel, storage of the general counsel's personal office items, and telephone costs.

INTRODUCTION

The Osteopathic Act of 1922 (act) established a five-member Board of Osteopathic Examiners (board) for the purpose of regulating the practice of osteopathic medicine, a system of healing that uses treatment such as medicine and surgery with emphasis on the musculo-skeletal system. The act states that each of the five members is to be appointed by the Governor and each must be a graduate of an osteopathic school and must hold an unrevoked license or certificate to practice in California. The purpose of the board is to license osteopathic physicians and surgeons through an examination process and take appropriate disciplinary action against osteopathic physicians for violations of laws, rules, or regulations.

In 1982, the California Legislature enacted Chapter 62, Statutes of 1982 (Assembly Bill 1258) that amended the Osteopathic Act to authorize the Governor to appoint two public members to the Board of Osteopathic Examiners. Assembly Bill 1258 became effective on January 1, 1983; on January 2, 1983, the Governor appointed two public members. In a challenge of the Legislature's authority to amend the Osteopathic Act, the board refused to seat the public members in January 1983 and in July 1983 filed a lawsuit in the California Supreme Court seeking to clarify the legality of the Legislature's action.

In May 1983, the two public members filed a petition in the Sacramento Superior Court seeking a writ commanding the board to seat them as members of the board based upon the enactment of Assembly Bill 1258. On July 19, 1983, the Superior Court ruled on the Application for a Writ of Mandate in favor of the two public members, and on August 1, a Writ of Mandate was issued. On August 5, 1983, the board appealed the Sacramento Superior Court's decision, thereby staying the effect of the Superior Court judgment pending the appeal to the Third District Court of Appeal. In December 1983, the California Supreme Court denied the board's petition for a hearing of its original lawsuit on the ground that the matter was already before the Third District Court of Appeal. The board and the public members spent the remainder of 1983 and part of 1984 preparing and filing briefs.

As a result of these legal actions, the Legislature added a provision to the Budget Act of 1984 specifically prohibiting the board from spending any of its 1984-85 fiscal year support budget to further its legal action against seating the public board members. Another provision, added to the Budget Act of 1985, required the Office of the Auditor General to audit the board's 1984-85 fiscal year expenditures to determine the amount of personnel services and operating expenses devoted to the board's lawsuit.

Between January and June 1985, all of the board's professional members were replaced by new appointees. The board decided in March 1985 to cease pursuing the appeal and to seat the two public

members. In addition, both the general counsel and the executive director retired effective June 1985. The board's new executive director was appointed in August 1985, and the Office of the Attorney General is now handling the board's legal affairs.

SCOPE AND METHODOLOGY

The purpose of this audit was to determine whether the board spent any of its 1984-85 fiscal year support budget in violation of budgetary provisions. We interviewed the board's current executive director and reviewed the board's contract files, claim schedules for travel and telephone expense, minutes of the board's meetings, and correspondence files. Since the board's staff did not maintain timesheets showing time spent by project, we could not determine the full amount of staff time and the attendant personnel cost spent on the board's lawsuit. However, by reviewing telephone charges, we were able to determine some of the time and costs the board spent on this lawsuit.

To determine whether the board followed contracting policies, we reviewed the procedures that the board used to contract for the legal services of a private attorney. In addition to determining if the board paid for these services in accordance with the contract terms, we requested that the attorney confirm to us what he believed the board owed to him as of June 30, 1985.

During our review, we identified inappropriate expenditures made by the board not related to the board's lawsuit. We have included those issues in this report.

AUDIT RESULTS

I

THE BOARD OF OSTEOPATHIC EXAMINERS ATTEMPTED TO PAY FOR WORK NOT INCLUDED IN A CONTRACT

The Board of Osteopathic Examiners (board) attempted to use state funds to pay for legal services performed outside of valid contract terms despite budgetary provisions prohibiting the use of the board's support budget for this purpose. While the fees for these legal services have not been paid, the former executive director of the board did approve \$9,000 for payment. However, the billings were not scheduled for payment because the board did not have a valid contract at the time.

On June 12, 1982, the board entered into a contract with a private attorney to provide legal services to the board in its legal action against the Legislature. The original contract ran from June 12, 1982, through June 30, 1983. An amendment to this contract extended the term from July 1, 1983, through June 30, 1984, and provided for a maximum reimbursement to the attorney of \$20,000 for that period. Actual billings for this period totaled \$25,908, of which \$20,000 was paid. In March 1984, the board attempted to obtain a contract augmentation of \$10,000, but the Department of Finance did not approve the augmentation because the board had no money remaining in its 1983-84 fiscal year budget and the Legislature was limiting the

board's use of its 1984-85 fiscal year budget. Because of the provisions of the Budget Act of 1984, the board could not enter into a contract with the attorney for legal services in its case against the Legislature for the 1984-85 fiscal year. However, the attorney billed the board an additional \$13,524 for services rendered from July 1, 1984, through April 30, 1985, even though no contract was in effect.

The board has not paid the attorney the \$19,432 (\$5,908 for fiscal year 1983-84 and \$13,524 for fiscal year 1984-85) for work performed outside of valid contract terms. However, the board met in emergency session on November 4, 1984, and agreed that, if the board was unable to pay the attorney from its Contingent Fund on or before January 1, 1985, the board members who had authorized the initial contract would collectively pay the balance due.

We requested that the attorney confirm the balance of the board's liability to him. In his October 21, 1985, response, the attorney asserted that the board owes him the full sum of \$19,432. This amount does not reflect payments made on the board's account by three board members and a private corporation.

The board received a statement of account from the attorney, dated February 28, 1985, that reflects a payment of \$5,556 made by three board members to the board's account. Also, on April 15, 1985, the attorney confirmed, by letter, receipt of a \$7,000 payment on the

board's account from "Doctors for the Support of Osteopathic Medicine, Inc." Letters exchanged between the attorney and the former executive director between April 19 and 23, 1985, show that the \$5,556 payment was removed from the board's statement of account and that the \$7,000 payment was never reflected on the statement of account from the attorney's law firm. With these omissions, the attorney's billings show that the board owes him \$19,432.

Our review of the attorney's billings disclosed that the attorney attended legislative budget hearings in March 1984 and, in May 1984, researched the State's obligation to pay counsel and attorney fees. Furthermore, the attorney signed a letter of intent on February 12, 1985, by which he agreed to reimburse the individual board members the amount they paid him when the board paid the balance due from its Contingent Fund.

Since the \$5,908 owed to the attorney for the 1983-84 fiscal year exceeded the contract amount and since no contract for legal services existed between the board and the attorney during the 1984-85 fiscal year, we conclude that the \$19,432 is not a liability of the board or the State of California. However, the liability could be the responsibility of the former board members. Government Code Section 13324 states that "every person who incurs any expenditure in excess of the allotments or other provisions of the fiscal year budget as approved by the department or as subsequently changed by or with the approval of the department is liable both personally and by his official bond for the amount of the excess expenditures."

RECOMMENDATION

The Board of Osteopathic Examiners should not pay the \$19,432 billed by a private law firm because this amount reflects expenses incurred outside of contract provisions.

II

THE BOARD OF OSTEOPATHIC EXAMINERS
IMPROPERLY GAVE STATE MONEY
TO A PRIVATE CORPORATION

In violation of state laws, the board paid \$40,000 to a private corporation instead of depositing this money into the State Treasury. Consequently, the State has lost not only \$40,000 but also approximately \$4,400 in interest on this money. The board may have to institute legal action in order to recover this money.

The Osteopathic Act of 1922 stipulates that "All fees collected on behalf of the Board of Osteopathic Examiners and all receipts of every kind and nature shall be reported at the beginning of each month for the month preceding to the State Controller, and at the same time, the entire amount must be paid into the State Treasury and shall be credited to a fund known as the Board of Osteopathic Examiners Contingent Fund."

In August 1984, the board disciplined and fined a doctor of osteopathic medicine for negligence and unprofessional conduct. The \$40,000 fine, which should have been deposited in the State Treasury, was instead inappropriately deposited in a checking account at the Foothill Independent Bank. This account, for which the board did not request Department of Finance approval, as State Administrative Manual Section 8002 requires, has only the name of the board's former general counsel on the signature card.

On October 2, 1984, "Doctors for the Support of Osteopathic Medicine, Inc.," was incorporated as a charitable organization for the purpose of supporting, advancing, and furthering the goals of the osteopathic profession. Although the articles of incorporation state that the corporation was formed for charitable purposes, the corporation had not filed for tax-exempt status with the Franchise Tax Board as of October 23, 1985. The three officers of the corporation are all osteopathic physicians and surgeons, and the chief financial officer was a member of the board until January 1985.

On October 12, 1984, the board voted to designate "Doctors for the Support of Osteopathic Medicine, Inc.," as the entity to receive the \$40,000 fine, and in March 1985, the executive director instructed the general counsel to disburse the funds to the corporation. In April 1985, "Doctors for the Support of Osteopathic Medicine, Inc.," paid the private attorney retained by the board \$7,000 on the board's account. This payment is documented in an April 15, 1985, letter from the attorney to the board's executive director. We were unable to determine the disposition of the remaining \$33,000 because it is in a private bank account, and there is no further mention of the corporation's activities in the board's correspondence files. According to the provisions of California Penal Code Sections 424 and 504, the parties responsible for transferring the \$40,000 fine to "Doctors for the Support of Osteopathic Medicine, Inc.," may be guilty of embezzlement of state funds.

As a result of the former board's actions, the State has lost \$40,000. In addition, we calculated that over the 14-month period since the board deposited the money in the private checking account, the State has lost more than \$4,400 in interest on that \$40,000. The State's total loss is over \$44,400. The board may have to institute legal action in order to recover this money.

In August 1985, the current board asked the Office of the Attorney General to investigate the former board's transactions with "Doctors for the Support of Osteopathic Medicine, Inc." As of November 22, 1985, this investigation was pending.

RECOMMENDATION

The Board of Osteopathic Examiners should ask the Office of the Attorney General to pursue recovery of the \$40,000 plus accrued interest. The board should also consider asking the Attorney General or the appropriate district attorney to pursue criminal action against the parties involved in the transactions with "Doctors for the Support of Osteopathic Medicine, Inc."

III

THE BOARD OF OSTEOPATHIC EXAMINERS SPENT SUPPORT MONEY IN VIOLATION OF BUDGETARY PROVISIONS

The board spent at least \$1,500 from its 1984-85 fiscal year support budget to further its legal action against seating two public members on the board. These expenditures were in direct violation of Item 8510-001-264 of the Budget Act of 1984, which states that "No funds appropriated by this item may be used to support the board's legal actions against seating two public members on the board."

We reviewed the board's claim schedules and files to determine whether the board had spent any of its 1984-85 fiscal year support budget in violation of budgetary provisions. Since the board's staff did not keep timesheets showing time worked by project, we were unable to determine all staff costs related to the lawsuit. Therefore, the only staff costs we were able to calculate were those directly attributable to the time that board employees spent on telephone conversations with the board's private attorney and with one of the three officers of "Doctors for the Support of Osteopathic Medicine, Inc."

The board spent \$1,500 for travel, telephone, and staff costs directly attributable to the case pending in the California Supreme Court. These costs include an emergency board meeting in November 1984

called solely to discuss methods of paying the board's private attorney for work performed outside valid contract authority.

To identify how much of the board's time was spent on the lawsuit, we reviewed the minutes of the board's meetings. The minutes do not note the time spent on individual agenda items but do indicate that the board met in closed executive session to discuss the legal action during three of the eight board meetings held during the 1984-85 fiscal year. We could not prorate the costs attributable to the executive sessions because a reliable estimate of time spent discussing the lawsuit was not available.

Department directors are responsible for ensuring compliance with the provisions of the Budget Act as well as other administrative and statutory requirements. Sections 2 and 32 of the annual Budget Act, Board of Control Rules 613 and 614, and Government Code Section 13324 stipulate that state officers or employees are expressly forbidden from making any unauthorized expenditure without receiving advance approval in writing from the Department of Finance. Any officer or employee who takes such action without Department of Finance approval is personally liable for the amount of such unlawful indebtedness. Thus, former board members and certain staff owe the board at least \$1,500 for unauthorized expenditures.

RECOMMENDATION

The Board of Osteopathic Examiners should recover from the former board members and responsible staff the \$1,500 paid for supporting the board's legal action against seating the public board members.

FORMER STAFF OF THE BOARD OF OSTEOPATHIC
EXAMINERS INCURRED EXPENSES THAT
WERE IMPROPERLY PAID BY THE BOARD

During our review, we identified approximately \$17,113 in expenditures incurred by the board's former executive director and former general counsel that appeared improper.* Further investigation disclosed that these expenditures should not have been charged to the board's support budget. The expenditures comprised travel expenses, moving and storage costs, and telephone charges.

The board's former general counsel lived and worked in Upland, California (near Los Angeles). He was reimbursed by the board for \$15,026 in travel costs during the four-year period from February 1981 through February 1985. The board's policy, as set forth in the general counsel's duty statement, is that it will not reimburse the general counsel for any travel if he chooses to reside outside of Sacramento. Although the general counsel submitted the travel claims in violation of the board's own policy, the former executive director approved payment for all of them.

*Both the executive director and the general counsel retired effective June 1985.

The general counsel's duty statement also stated that the board will furnish suitable office space in Sacramento for the general counsel. According to the current executive director, the board leased office space across the hall from its offices in Sacramento and installed telephones for the use of the general counsel. The general counsel never used this office space, which cost the board approximately \$800 per month. Approximately one year later, the office was subleased to another state agency.

Furthermore, we found evidence that the former general counsel benefitted monetarily from his board position when he closed his office in Upland, California. The former general counsel maintained his private office in southern California from which he conducted board business. When the former general counsel closed his office on February 21, 1985, he put his personal office items as well as the board's files into storage. The moving and storage costs through May 24, 1985, totaled \$1,597. The former general counsel removed his belongings from storage on May 25, 1985, incurring moving costs of \$503, and, according to the current executive director, left the board's records. He did not pay any part of the moving and storage bill that totaled \$2,100 after the May charges were added. Storage of the board's records from May 25 to September 1, 1985, increased the bill by \$120. We determined that the former general counsel's share of the moving and storage costs should be at least \$1,700. Even though his legal office was closed in February 1985 and he filed no time reports after this date, the former general counsel is currently

pursuing action against the board to be paid for full-time employment as a civil service employee from March through June 1985.

In addition, in October 1984, the former general counsel and the former executive director entered into an agreement that the board would purchase the former general counsel's law library and selected office equipment and furniture for \$52,800. Public Contracts Code Section 10410 prohibits officers or state civil service employees from contracting on their own behalf as independent contractors with any state agency to provide goods or services. In an April 1985 letter to the former general counsel, the former executive director recommended dropping the agreement because of "the constant overview of the bureaucracy into this board's actions."

Finally, the former executive director and former general counsel charged personal telephone calls to the board. Both employees were assigned AT&T telephone calling cards. We identified approximately \$290 of personal calls made with these calling cards; \$213 was charged by the former executive director. These calls were made to the employees' residences and to people not connected with board business. We identified an additional \$94 of personal calls made by the former executive director on the State's leased telephone line system. This \$380 may not represent the total expenditure for personal calls since we did not attempt to identify all telephone numbers called

by the two former employees of the board. State Administrative Manual Section 4533 prohibits personal long-distance calls made over State-leased lines and explains state policy regarding local personal calls.

RECOMMENDATION

The Board of Osteopathic Examiners should attempt to recover at least \$16,806 in improper travel, moving and storage, and telephone costs from the former general counsel and \$307 in improper telephone charges from the former executive director.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Date: December 15, 1985

Staff: Sally Filliman, CPA, Audit Manager
Nancy Woodward, CPA
Eunice Lee

BOARD OF OSTEOPATHIC EXAMINERS

921 11TH STREET, SUITE 1201
SACRAMENTO, CALIFORNIA 95814
TELEPHONE: (916) 322-4306



December 13, 1985

Thomas W. Hayes, Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

The Board of Osteopathic Examiners is pleased to have received the attached draft of the audit report prepared by the Office of the Auditor General.

As President of the Board, I have reviewed the draft provided and would like to make the following comments.

BACKGROUND

Osteopathic medicine has grown rapidly within the past 20 years, providing five percent of the total physicians in the United States. There are 24,000 osteopathic physicians licensed in the nation; 1525 being licensed in California. The profession of osteopathic medicine includes allergy, anesthesiology, cardiology, dermatology, family practice, internal medicine, neurology, obstetrics/gynecology, ophthalmology, orthopedics, psychiatry, pediatrics, radiology, surgery (general), surgery (thoracic) and others. We are proud to be part of the health care delivery system in California. Graduates of a school of osteopathic medicine are called osteopathic physicians and surgeons.

To provide additional information for anyone who may read this audit report regarding the osteopathic profession, we have attached to our response information which provides a more complete picture of the profession as it exists in its current form today. *

RESPONSE - GENERAL

I feel there should be a distinction in the audit between the Board as it existed before and then after the Deukmejian appointments to the Board. I have asked for the distinction to be made in a separate letter to your office.

The current Board has replaced the former executive director and the former general counsel. The new executive director is Ms. Linda J. Bergmann, who has been a State employee for 22 years. She has brought to the position of executive director a wealth of knowledge, unquestionable integrity and honesty. She took this position on an "acting" basis in June, 1985 and was subsequently made the permanent executive director in August, 1985. She has been instrumental in the Board's rapid progress in reestablishing a meaningful relationship between the new Board and other State agencies.

Auditor General Comments:

* The information attached was a brochure entitled "The Complete Physician," which is available at the Board of Osteopathic Examiners.

Page 2
Thomas W. Hayes, Auditor General
December 13, 1985

The new Board has also contracted with the Office of the Attorney General, State of California and has been assigned Deputy Attorney General, Alan M. Mangels, as its liaison. This change has provided the new Board with a dramatic improvement in its fiduciary legal obligations. Also, we have seen a significant decrease in the Board's legal expenses. Deputy Attorney General Mangels has done an exemplary job in putting in place proper guidelines for disciplinary action. Deputy Attorney General Mangels has moved rapidly and decisively in providing to the Board written policies and procedures which will be included in a set of rules and regulations to be submitted to the Office of Administrative Law for approval.

RESPONSE - SPECIFIC

AUDIT RESULTS

I

THE FORMER BOARD OF OSTEOPATHIC EXAMINERS,
THE FORMER EXECUTIVE DIRECTOR AND THE
FORMER GENERAL COUNSEL
ATTEMPTED TO PAY FOR WORK
NOT INCLUDED IN A CONTRACT

RECOMMENDATION

"The current board should not pay the \$19,432 billed by the private law firm."

RESPONSE

The current board strongly agrees with this recommendation.

AUDIT RESULTS

II

THE FORMER BOARD OF OSTEOPATHIC EXAMINERS,
THE FORMER EXECUTIVE DIRECTOR AND THE
FORMER GENERAL COUNSEL
IMPROPERLY GAVE STATE MONEY
TO A PRIVATE CORPORATION

RECOMMENDATION

"The board should ask the Office of the Attorney General to pursue recovery of the \$40,000 plus accrued interest. The board should also consider asking the Attorney General or the appropriate district attorney to pursue criminal action against the parties involved in these transactions."

RESPONSE

Within minutes of learning of this \$40,000 issue, the current board unanimously voted to ask the Office of the Attorney General to investigate the former board's transactions with "Doctors for the Support of Osteopathic Medicine, Inc." We are currently awaiting their recommendations. The current board unanimously agrees that this money should be returned as soon as possible. We will take any and all steps to recover this money.

Page 3
Thomas W. Hayes, Auditor General
December 13, 1985

AUDIT RESULTS

III

THE FORMER BOARD OF OSTEOPATHIC EXAMINERS,
THE FORMER EXECUTIVE DIRECTOR AND THE
FORMER GENERAL COUNSEL
SPENT SUPPORT MONEY IN VIOLATION
OF BUDGETARY PROVISIONS

RECOMMENDATION

"The current board should recover from the former board members and responsible staff the \$1,500 paid for supporting the board's legal action against seating the public board members.

RESPONSE

The current board will request from the Office of the Auditor General a breakdown of the \$1,500 and take whatever steps necessary to recover this money.

AUDIT RESULTS

IV

THE FORMER EXECUTIVE DIRECTOR AND THE
FORMER GENERAL COUNSEL
INCURRED EXPENSES THAT WERE
IMPROPERLY PAID BY THE BOARD

RECOMMENDATION

"The board should attempt to recover at least \$16,806 in improper travel, moving and storage, and telephone costs from the former general counsel and \$307 in improper telephone charges from the former executive director."

RESPONSE

We agree with this recommendation and will request the Attorney General for direction in recovering this money. A review of our current telephone expenses revealed that since the replacement of the former executive director, the telephone bills have dropped by 50%.

SUMMARY

The new Board of Osteopathic Examiners is committed to the following tenets:

1. To assure as much as humanly possible, that high quality medical care be practiced by licensed Osteopathic Physicians and Surgeons in the State of California.
2. To cooperate fully and legally with the Government and Legislature and all other Departments of the State of California.

Page 4
Thomas W. Hayes, Auditor General
December 13, 1985

3. To develop and put into writing current rules and regulations for the Board of Osteopathic Examiners dealing with disciplinary hearings and actions for Osteopathic Physicians and Surgeons licensed in California and to submit the rules and regulations to the Office of Administrative Law for approval. This goal is well underway with the help of Deputy Attorney General, Alan M. Mangels.
4. To manage the Board of Osteopathic Examiners in a frugal and businesslike fashion.

I would like to conclude by saying that this is a new era for the Board of Osteopathic Examiners. We would be happy to respond to any questions at any time. We have made great progress in a very short time and respectfully request interested parties to follow our progress during the next year.

Respectfully,

Richard T. Pitts, D.O.
RICHARD T. PITTS, D.O., PRESIDENT
BOARD OF OSTEOPATHIC EXAMINERS *12-6*

RTP:lnb

Enc

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps